

Growth, Marketing & Sales Practice

# Fueling growth through moments of customer delight

Delight has the power to elevate customer experience, as well as amplify loyalty and growth for businesses across sectors.

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**Once, at a Ritz Carlton resort,** a server noticed a family searching for a coquí frog hidden in the vegetation.<sup>1</sup> Inspired to create a memorable experience, he orchestrated a surprise: when the family returned to their room after dinner, they found a chocolate lily pad with two chocolate coquí frogs perched on it and a note from “Coquí” himself waiting on the bed. The family was delighted by this thoughtful, fun gesture.

This story raises questions about the potential of delight in customer engagement. Can delight be measured, managed, and institutionally delivered? What is the economic payoff for businesses?

But, to start with delight itself: delight occurs at the intersection of customer joy and surprise. In the past, customer delight was restricted to elite brands due to perceived high costs. However, thanks to technological advancements and a shift toward customer-centric practices, companies now have smarter and more effective methods to deliver delightful experiences that yield long-term returns.

Our Growth, Marketing & Sales Practice has done extensive research to uncover the profound impact of customer delight on business success. Surveying 25,000 customers across diverse industries such as tourism, insurance, and banking, we have discovered compelling evidence: delight not only cultivates loyalty and repurchase but also fuels revenue growth through cross-selling and up-selling opportunities.

In this article, we cover the key findings of the survey, which reveal a clear advantage for companies that prioritize delight. Our research revealed that they outperform their competitors in key metrics such as net promoter score (NPS), revenue, and total return to shareholders (TRS). By prioritizing customer delight and implementing smart, sustainable strategies, companies can unlock new frontiers of service and drive lasting returns without incurring prohibitive expenses.

To have a successful customer interaction, however, both the rational and emotional aspects of customer experience must be addressed. For example, if you are taking a ride in a cab, you expect to reach your destination. If you arrive before the anticipated time, chances are that you will be satisfied with the experience. Meeting customer expectations and satisfaction continues to be mission-critical—they are both vital elements in customer experience before delight can happen—but to elevate the experience, delight is needed; delight has the power to amplify retention, referrals, and revenue of satisfied customers.

## **Delight: The sweet nexus between joy and surprise**

Before exploring the impact of delight, it is important to understand the science behind it. Delight is a deep, emotional reaction characterized by joy and surprise, stemming from an experience that provides something unexpected and extraordinary, transcending daily life.<sup>2</sup> Delight occurs only at the intersection of joy and surprise (Exhibit 1).

Surprise unfolds in four stages. First, we freeze, stunned by the unexpected, and we pause. Second, we try to comprehend the reason for the surprise. Third, we shift; the surprise alters our perspective as we uncover something new. Fourth, we experience joy and are so delighted that we feel compelled to tell others about our encounter.

Although surprise tends to be short-lived, it has a disproportionate impact on how well we remember it—the hippocampus, the part of the brain that stores information, is activated when people experience surprise. As a result, our brains retain more details about this event than in an average moment.<sup>3</sup> Joy, conversely, is the more intuitive, happy, emotional reaction. Combine it with surprise and the magical moment of delight emerges.

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<sup>1</sup> A small frog endemic to Puerto Rico.

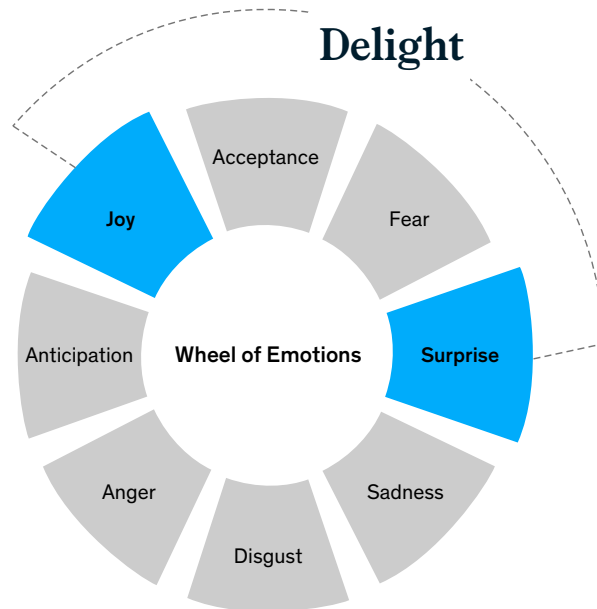
<sup>2</sup> Robert Plutchik, *Theory of Emotion*, Academic Press, New York, 1980.

<sup>3</sup> Vanessa van Edwards, “The ultimate list of emotions and how to control your emotions,” *Science of the People*, August 2023.

## Exhibit 1

**Joy and surprise are basic human emotions that together evoke delight.**

### Illustration of Plutchik's Wheel of Emotions (simplified)



Plutchik's Wheel of Emotions illustrates how **primary emotions like joy and surprise combine to create delight**, demonstrating the interaction of emotions in forming distinct experiences

Source: Psycho-evolutionary basis for emotions (Plutchik)

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And, delight is distinct from satisfaction. Satisfaction is a rational, cognitive response to a service performance or experience based on previously held expectations. If a company just about meets a customer's expectations, the person is neutral or has no reaction. When expectations are exceeded, the customer is satisfied. And, when something unexpected happens on top of satisfaction, the customer becomes delighted.

### **Delight your customers and they'll keep coming back for more**

Advocates of customer delight have recognized its potential to forge strong emotional connections and drive desirable business outcomes for a company, such as referrals, retention, and revenue, which all can lead to loyalty (Exhibit 2).

Our customer delight research showed consistent and significant unlocks across sectors, geographies, and product types.

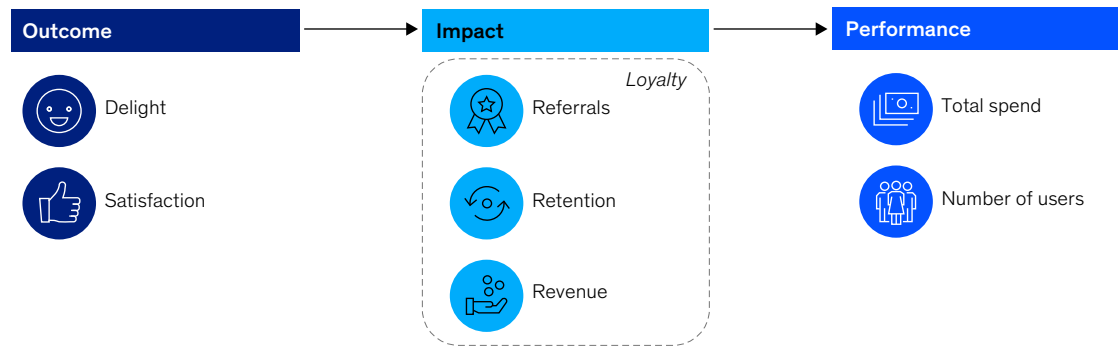
**Referrals:** Our research revealed an impact on referrals, which reinforces the notion that satisfaction is a vital foundation of customer experience. When customers are not satisfied, delighting them is helpful but does not, and cannot, help fully recover the loss. However, our findings also showed that satisfied customers who experienced delight, versus those who didn't, had a significantly higher intention to recommend the brand to others, implying that delight is a great amplifier of loyalty.

The NPS amplification impact of delight on satisfied customers was significant across different sectors—28 points in tourism, 18 in insurance, and 15 in banking (Exhibit 3).

## Exhibit 2

**In conjunction with customer satisfaction, delight drives referrals, retention, and revenue, leading to improved spend and users.**

### The impact of delight on loyalty leading to performance



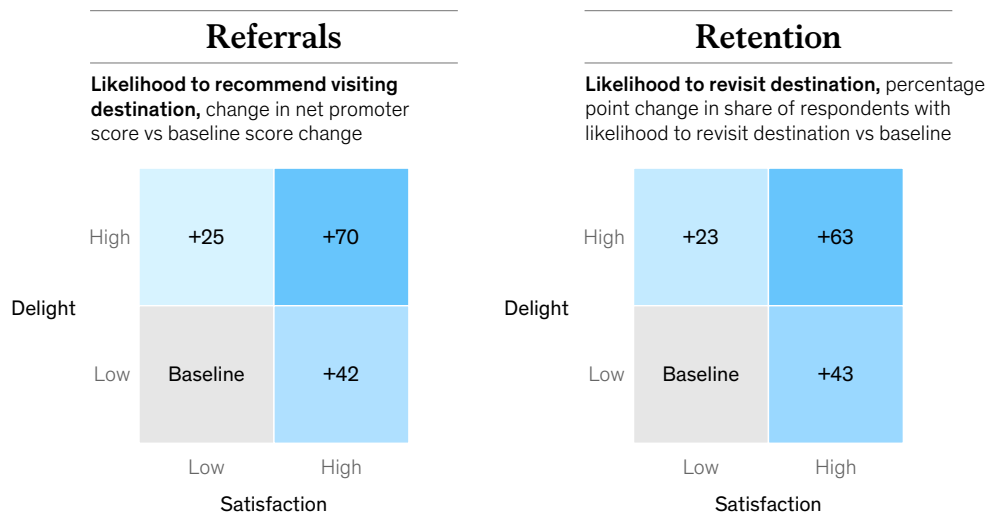
Source: Adapted from Chitturi et al. (2008), Kim et al. (2015), Oliver et al. (1997), and Zeithaml et al. (1996)

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## Exhibit 3

**Our initial research shows delight and satisfaction drive top impact in tourism.**

### Impact of delight on customers in tourism sector<sup>1</sup>



<sup>1</sup>Based on research sample of over 20,000 respondents across 8 countries in EMEA.

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**Retention:** The impact of delight on reusage intentions was 25 percentage points and is evident across other industries. Customers who had a distinct memory of delight during their travel experiences were approximately 19 percentage points more likely to revisit the destination. We witnessed 25 percentage points in banking with regard to reusage intentions (Exhibit 4).

**Revenue:** There were clear links to value for those who were both satisfied and delighted. Customers who were satisfied and experienced delight tended to cross-sell (buy additional products), up-sell (buy products at a higher price) and were less prone to down-sell (downgrade a product when the price is increased). For example, we noticed 30 percentage points in banking, 11 percentage points

Exhibit 4

## Delight research in other sectors, such as banking, energy, and insurance, also reveals strong revenue boosts.

### Impact of delight on customers in different sectors<sup>1</sup>

		Referrals	Retention	Revenue
		Likelihood to recommend provider, change in net promoter score	Likelihood to stay with the provider, % of respondents	Likelihood to buy additional products, % of respondents
<b>Banking</b>				
Delight	High	+50	53	26
	Low	+9	36	13
		Low High	Low High	Low High
		Satisfaction		
<b>EPNG</b>				
Delight	High	-3	61	21
	Low	-42	46	7
		Low High	Low High	Low High
		Satisfaction		
<b>Insurance</b>				
Delight	High	+14	97 <sup>2</sup>	14
	Low	-46	90 <sup>2</sup>	5
		Low High	Low High	Low High
		Satisfaction		

<sup>1</sup>Based on research sample of over 20,000 respondents across 8 countries in EMEA.

<sup>2</sup>Converted to retention from churn.

in insurance, and 15 percentage points in electric power and natural gas (EPNG) in cross-sell. Given that these activities are directly linked to value, it was possible to calculate an approximate link to the value that moments of delight created.

Our research showed that, in insurance, if companies delighted a significant portion of their customers who were already satisfied, this could lead to additional revenue of 8 to 12 percent—translating into several billion euros a year. More broadly, we noticed that companies differentiating basis customer experience also witnessed their revenue growth double.

## Uncover the drivers of delight

We have seen that delight can deliver significant value—so what are its biggest drivers? Through our research, we developed a large database of moments of delight mentioned by customers and analyzed them to understand the type of experiences, triggers, and longitudinal impact of different types of delight drivers. At the most basic level, we found that the majority of delight drivers falls into two categories—service excellence (intangibles) and product innovation. Within these areas, wherever expectations are high, the bar for delight becomes even higher.

### Service excellence

We found that genuine, authentic human interactions that lead to personal connections usually result in significant customer delight. Courtesy and kindness create a break from transactional interactions, sparking moments of delight. Take, for example, a barista who learned American Sign Language to be able to deliver a consistent experience to a differently abled customer. Or, imagine if a cab driver had a preset “menu” to offer customers (for example, essential items such as beverages and snacks, or backseat gaming) that would lead to a positive emotional impact, causing delight.

And, as many basic interactions now move to digital, self-service channels, the remaining employee or frontline interactions become even more important—they form connections with customers in more

authentic ways and bring the human touch to experiences.

As an example, take a customer who, when referring to his interaction with a call center employee, said, “The agent talked about their personal life, we laughed together and had a wonderful conversation.” This interaction created a personal connection for him.

In another example, a US-based online pet retailer received a call from a grieving customer who wanted to return an unopened bag of dog food as her pet had died. The rep didn't just give the customer a full refund but suggested she donate the food to nearby shelter, and sent her a personalized note of condolence.

In these types of simple and inexpensive ways, companies can focus on creating environments and playbooks that promote personal interactions between customers and employees. In fact, as digital and cognitive assistants become more human-like, perhaps it is even possible that some of these delightful interactions may be delivered more authentically by digital agents in the future.

Proactive service recovery is also a strong driver of surprise. Many hospitality companies know that guests who experience spectacular service recovery after facing an issue often rate their stays even higher than satisfied customers who have not encountered problems during their stays.

This learning is applicable to other sectors as well, such as banking or insurance. When a service break occurs, most customers have a rational level expectation of what recovery should look like. But brands that significantly supersede that expectation of recovery, or do it in unexpected ways, can generate surprise and create promoters out of detractors.

### Product innovation

Tangibles beyond people-driven moments strongly contribute to delight. Unexpected sensory experiences—especially multimodal ones—trigger joy and surprise, while participation and personal indulgence amplify this effect. For example, airlines

enhance the first-class customer experience by engaging all five senses with delicious food, signature perfumes, aesthetically pleasing cabins, relaxing music, and comfortable furnishings.

Innovative and novel products or features can also lead to delight—such as an insurer that disrupted the industry when it paid out a claim within seconds.

Personalized tokens of appreciation can help companies stand out from the competition, specifically for customers with high expectations. From our research in insurance, customer verbatims revealed drivers of delight—for instance, one customer told us, “The representative came to our appointment with flowers for me and a bottle of wine for my husband as a thank you for our years of loyalty.”

It is important to note, however, that gifting done at scale can add significant cost to a company, which is why driving delight has typically been regarded as expensive and unsustainable by some companies. Yet, as seen through our research, when done selectively with high-value customers to maximize personalized customer value, it can be powerful. And, a simple upgrade to an existing product may not be joyful for most people but may deliver exceptional joy to some—making it vital to understand each customer’s core emotional and functional needs and deliver against them to create a sense of ambassadorship.

### **Three ways to stoke the delight engine**

To be able to constantly drive positive value from delight, companies need to establish a structured and sustainable delight engine—one with approaches that continually measure, design, and deliver delight at the right moment to the right person to generate positive returns. Through our research, we have identified three key levers that companies could use to create an effective delight engine.

#### **Measure delight and its value**

Companies first need to understand the moments of delight that resonate with various customer segments. Here, a mix of qualitative and quantitative research can help uncover what causes delight in a particular industry and along which customer journey. A robust delight measurement system that captures the intensity of joy and surprise across the customer journey can help qualify moments of delight. This further needs to be paired with incremental value measurement driven by delight across the journey, as well as the longevity of the incremental value received through various types of delight interventions.

This method can ensure that investment is focused in areas with the highest return potential. In our research, we found that a single moment of delight at the correct time in the right customer journey can increase loyalty and intent to spend for up to six to nine months after the delight experience.

By tracking the impact of delight interventions on key business outcomes such as loyalty, cross-sell, up-sell, and retention, companies can continually refine their delight interventions to create exceptional customer experiences and value.

#### **Match design to experience**

Designing unforgettable experiences isn’t solely a creative endeavor—it requires a design methodology that focuses on optimizing surprise and joy. Designing emotion-provoking moments for each target segment calls for a design methodology that has a deep understanding of customer emotions and triggers, followed by the curation, testing, and refinement of delight interventions that induce those emotions. These interventions can be significant, such as differentiating product features, or be micro-interventions such as a handwritten apology or appreciation note.

The design of delightful customer experiences could be embedded in a company’s capability building and culture change initiatives. As those

who interact most with customers, frontliners could be empowered to embrace the change—particularly as digital transactions increase and customers look for more meaningful human interactions.

Disney, for example, is well known for consistently delighting people of all ages and under varying circumstances. It instills in guests a sense of joy and surprise through personalized encounters with Disney characters. What guests perceive as random and unexpected experiences of delight are, in fact, carefully choreographed by Disney.<sup>4</sup> Take what is known as their “water art,” where they create magic while cleaning: this is a special kind of experience devised by the custodial team in which an employee, using just a broom and a bucket of water, draws favorite Disney and Pixar characters on the ground. Disney further embeds capabilities in its frontline staff for meaningful recovery during difficult moments.

#### **Deliver personalized delight micro-interventions through data and AI**

Companies can develop their own delight repositories—with major- as well as micro-

interventions—that can be tapped into when needed to trigger the appropriate intervention at the correct moment for a specific individual. As we have shared previously in our Experience DNA article, the future of customer experience is holistic, predictive, and proactive, and this applies to delight, too. We believe that customer insights, in the age of big data, are a key reason why delight no longer needs to be an expensive proposition. In fact, data can be used to hyperpersonalize and prioritize delight-inducing micro-interventions for each customer, and can be delivered in a way that is sustainable, maximizing immediate ROI and customer lifetime value.

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After years of considering customer delight to be an expensive option, companies now have a real opportunity to reconsider and unlock its benefits, while being prudent and effective. No longer do they need to have customers who are solely satisfied—once delighted, their customers could be motivated to return, refer, and add value.

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<sup>4</sup> Lauren A. Newell, “Happiness at the house of the mouse: How Disney negotiates to create ‘the happiest place on earth,’” SSRN, July 1, 2012.